

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD OF PUERTO RICO,

PROMESA
Title III

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et*
al.,¹

No. 17 BK 3283-LTS
(Jointly Administered)

Debtors.

**RESERVATION OF RIGHTS OF THE QTCB NOTEHOLDER GROUP IN RESPONSE
TO THE MOTION OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
OF PUERTO RICO FOR ENTRY OF AN ORDER EQUITABLY TOLLING THE TIME
PRESCRIBED BY 11 U.S.C. § 546 TO BRING CERTAIN AVOIDANCE ACTIONS**

The QTCB Noteholder Group,² respectfully files this reservation of rights (the “Reservation of Rights”) regarding the *Motion of the Financial Oversight and Management Board of Puerto Rico for Entry of an Order Equitably Tolling the Time Prescribed by 11 U.S.C. § 546 to Bring Certain Avoidance Actions* [Dkt. No. 6118] (the “Motion”). In support of this Reservation of Rights, the QTCB Noteholder Group respectfully states as follows:

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers listed as Bankruptcy Case numbers due to software limitations).

² The QTCB Noteholder Group shall have the same meaning as set forth in *Notice of Appearance and Request for Notice* [Dkt. No. 134] and the *Second Supplemental Verified Statement of the QTCB Noteholder Group Pursuant to Bankruptcy Rule 2019* [Dkt. No. 4871].

Background

1. On May 3, 2017, the Oversight Board, on behalf of the Commonwealth, commenced the Commonwealth's Title III case pursuant to sections 104(j) and 206 of the PROMESA. On May 5, 2017, the Oversight Board, on behalf of COFINA, commenced COFINA's Title III case pursuant to sections 104(j) and 206 of the PROMESA. On May 21, 2017, the Oversight Board, on behalf of ERS and HTA, commenced the ERS and HTA Title III cases pursuant to sections 104(j) and 206 of the PROMESA. On July 2, 2017, the Oversight Board, on behalf of PREPA, commenced PREPA's Title III case pursuant to sections 104(j) and 206 of the PROMESA.

2. The Commonwealth has guaranteed approximately \$5.7 billion of bonds issues by other agencies, instrumentalities and public corporations, including \$4 billion of bonds issued by the Puerto Rico Public Buildings Authority ("PBA"), which include approximately \$877 million in principal amount of those certain Qualified School Construction Bonds (the "QSCBs") and Qualified Zone Academy Bonds (the "QZABs" and, together with the QSCBs, the "QTCBs"). PBA is not currently a debtor under Title III of PROMESA. PBA and the Commonwealth have defaulted on their payment obligations to PBA bondholders, including the QTCBs.

3. In the Motion, the Oversight Board has moved for entry of an order equitably tolling the deadlines set forth in 11 U.S.C. § 546 for the Oversight Board "to bring avoidance and recovery actions related to payments made on account of certain bonds issued by the Commonwealth [], the Employee Retirement System ("ERS"), and [PBA]" (the "Avoidance Actions"). The section 546 deadlines expire on May 2, 2019, for the Commonwealth and May 20, 2019, for ERS (the "Deadlines").

4. The Oversight Board, through its counsel, has represented that it will seek a shorter, limited extension of the Deadlines for six months, without prejudice to the ability of the

Oversight Board to file a subsequent motion seeking further tolling and reserving the rights of all parties to object to any such subsequent motion, to permit interested parties an opportunity to better understand the relief sought in the Motion and prepare appropriate responses.

5. The QTCB Noteholder Group, agrees, in principal, to a six month tolling of the Deadlines in connection with the Avoidance Actions, provided that its right to object to any further motion seeking further tolling is reserved in full. However, as of the filing of this Reservation of Rights, the Oversight Board and the QTCB Noteholder Group have not reached an agreement on a stipulation regarding any extension of the Deadlines. Although the QTCB Noteholder Group believes that it will reach agreement with the Oversight Board regarding a limited initial extension of the Deadlines, out of an abundance of caution it files this Reservation of Rights.

Reservation of Rights

6. The QTBC Noteholder Group does not object, in principle, to a limited extension of the Deadlines. However, the scope and duration of such extension should not be decided on the face of the Motion without opportunity to further develop the record, adequate creditor participation and transparency to ensure the integrity of the efforts by the Commonwealth to any further extension of the Deadlines, and more fulsome briefing of the issue.

7. The QTCB Noteholder Group further expressly reserves any and all (direct or derivative) claims, rights and/or interests to object, intervene, act, or bring or make any motion, request, or argument regarding the Motion, the Avoidance Actions and any further requests for extension of the Deadlines or related relief.

WHEREFORE, the QTCB Noteholder Group (i) respectfully requests that any Order granting the Motion provide that nothing therein, nor the passage of time during the pendency of

these Title III Cases, shall prejudice the rights of the QTCB Noteholder Group to assert any and all (direct or derivative) claims, rights and/or interests to object, intervene, act, or bring or make any motion, defense, counterclaim, request, or argument regarding the Avoidance Actions and any further request to extend any of the Deadlines; and (ii) expressly reserves any and all (direct or derivative) claims, rights and/or of the QTCB Noteholder Group to object, intervene, act, or bring or make any motion, request, or argument regarding the Motion, the relief requested therein, and any and all of the issues raised in any objection, reply or other response or joinder thereto.

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Dated: April 11, 2019
San Juan, Puerto Rico

BRACEWELL LLP

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I HEREBY CERTIFY that on April 11, 2019, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send automatic notifications of such filing to all attorneys of record.

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